

CHALLENGE

THE MAGAZINE OF ECONOMIC AFFAIRS

Volume 1

1952-1953

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Institute of Economic Affairs, New York University*

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NEW YORK

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ECONOMICS IN ACTION OCT. 1952

The cost of living is still going up — especially for necessities. With controls going off in many places, rents are headed for a big jump. "Musts," like fuel oil, electricity, automobile insurance, hospital bills and hair cuts, are at peak prices. The recent rise in steel prices and wages will shove the whole inflationary spiral still further along...Farm crop production this year will top last year's total despite serious drought conditions during August. This eliminates at least one potential danger-spot — zooming food prices because of shortages....

Chicago's Driftwood night club places a ten-cent piece on each reservation card to pay for the 'phone call that made the reservation...Bootlegging still costs America money. "Moonshine" stills — now producing as much liquor as all the 126 legal distilleries in the United States combined — are cheating the federal government out of enormous amounts of revenue....

Steel output has staged a fast comeback despite the lengthy steel strike. The six-week work stoppage has not seriously hamstrung either military or civilian goods production...A recession could be in the cards in the next four years — no matter which party wins in November. Defense spending will taper off after 1954, causing wages and employment to take a slight dip. Problem is to redirect expanded production facilities to peacetime uses...The thinning waist-line is affecting more than individual figures. Business figures are

More Economics In Action

also changing in the food industry. Recently, a \$1.5 million advertising campaign for cereals and whole grain products failed to make headway against America's demand for the lean meat and salad green diet of health enthusiasts...An oil well in the middle of the sea is currently being drilled seven miles off-shore in the Gulf of Mexico. Four billion barrels of oil — one-tenth of the nation's oil reserves — lie under California's tideland waters and more than a million dollars will be spent to create a steel-and-concrete island, seventy-five feet in diameter, to be used as a drill-site....

Coal mining may eventually be revolutionized by an automatic device which can be operated by remote control...Retailers, middlemen and other distributors are in for some help from the Department of Commerce. The theory is that America has devoted too much attention to stepping-up production and too little to distributing goods efficiently...The McGuire Fair Trade Act of last July will have tough going. Retailers find it hard to charge full, fair-trade prices when the demand for household appliances keeps shrinking. A discount on list prices is still a good way — and a safe way — to close a sale, especially when manufacturers are not likely to take legal action against retailing violators...Resale of used appliances is developing into a business that will some day rival the used car industry. For example, eight out of every ten new refrigerators sold involve a trade-in. More often than not, such trade-ins are still in good enough shape to be resold....

a personal note

“*W*HAT’S in a name?” That became a familiar question when friends found out we were hunting desperately for a title for this magazine. “Almost any name will do,” they observed analytically, “but the really important thing is what the magazine will say.” Perhaps they were right; friends usually are. But we had a very practical problem facing us — namely to give the magazine a handle, something to print on the cover and on the masthead.

For six weeks we rummaged through *Webster* and the *Thesaurus*, but to no avail. The “Hello, how are you?” greeting of casual acquaintances turned into conversations carefully calculated to elicit possible key words. A growing child’s healthy inquisitiveness, punctuated by the usual “Why, Daddy?” momentarily seemed to suggest the solution. Could the word “Why” be the title? That, too, failed to satisfy, upon reflection. There were many, many such words that came to us in a mental flash, only to flicker and then leave behind the mere afterglow of disappointment.

That’s how it went for six weeks. At one time no less than seven members of the editorial staff devoted four whole days to hunting for possible titles. They filled three dozen sheets of paper; contributed a total of 1300 words; and rejected the utility of a good portion of the English language.

But one thing about the search was a positive gain. On every occasion that we sat down to review the problem, logic demanded that we also review the purpose of the magazine, what it would stand for and what it would say, how it would say it, and so forth. As a consequence, although the magazine long remained nameless and its pages were still not in print, its shape and tenor became in the mind’s eye an affirmed reality and a confirmed conviction.

We were approaching the day that publishers fearfully refer to as

the deadline. Still no name for the magazine. With heavy heart, we carried our problem to a luncheon meeting at the Salmagundi Club with a friend who has long been in the publishing business. He knew very little about what we were doing, so he inquired what we had up our sleeve. We not only exposed the contents of our sleeve, but of pocket and stitching as well.

"Let me get this straight," he gasped. "As I see it, you intend to publish a monthly magazine devoted to American economic matters."

We admitted that he had the matter straight.

"And if I understand you correctly," he continued, "this magazine will *not* be for professors, economists, bankers and Wall Street brokers. You are going to aim this magazine at . . ." (he hesitated ". . . at just people.")

Again we admitted that he was right, although we took exception to his inference that professors, economists and Wall Street brokers are not people. He brushed aside our exceptions.

"What I mean is," he went on. "you will try to get readers who normally are not interested in economics, don't worry about economics, and who avoid reading about economics if they can possibly do it."

(Continued on page 61)

challenge

M A G A Z I N E

ECONOMICS IN ACTION

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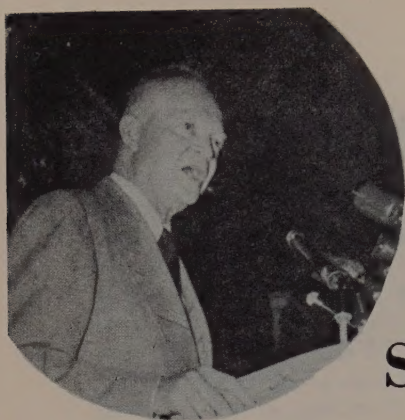
Economics Consultant

DR. HAROLD F. CLARK

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—United Press Photo

an editorial—

—International News Photo

Spotlight on

The Election



The Economic Issues

EVERY four years in America the political campaigning for the Presidency results in the widest, most searching and most revealing discussion of national issues to be carried out in public. The debate now in progress between the presidential candidates deserves the ear of every American.

From Dwight D. Eisenhower and Adlai E. Stevenson we are getting a preview of the type of federal administration they propose to head after January, 1953. When we consider that the role of the federal government has become, and is likely to remain, the most potent political force affecting our lives, it is foolhardy to be anything less than alert to what the next President of the United States has to say.

Moreover, as election day draws closer, we realize increasingly that whichever man we choose as President will be the man who must

symbolize the hopes and beliefs of the United States in world affairs. Whether we like it or not, this nation has emerged as the one with the strongest combination of resources and will to promote world peace. People far beyond our borders are watching the Presidential campaign with great interest, and even with anxiety.

Both candidates have singled out peace as "the one great underlying issue of the whole campaign." In the next four years, the United States must work on behalf of peace while actively opposed by forces which threaten to engulf the world in confusion and chaos.

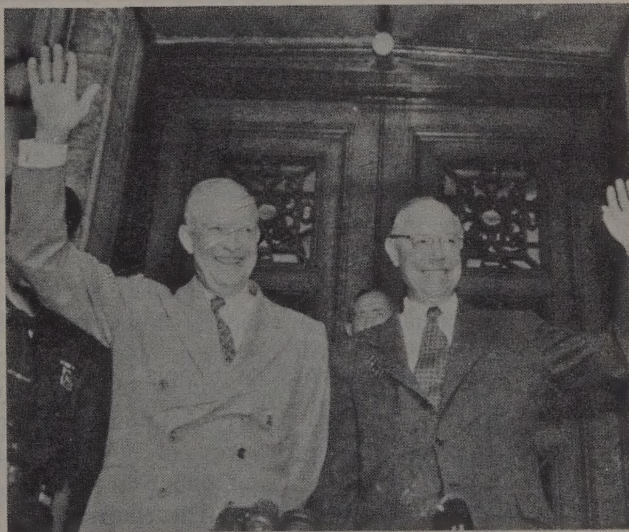
On the stability and strength of our economy rests the greatest hope of keeping ourselves from serious exhaustion and our friends abroad from possible engulfment.

How the candidates declare themselves on the issues linked with our economic well-being demands our keen and critical attention. The increasing power of the federal government has been marked by a rise



SIGNS OF HARMONY: Gov. Adlai E. Stevenson and Sen. Richard B. Russell (left) close ranks for presidential campaign; while (below) Gen. Dwight D. Eisenhower and Sen. Robert A. Taft announce their unity of purpose at a recent meeting.

—United Press Photos





—International News Photo

PRESIDENTIAL CANDIDATE Adlai Stevenson (seated center) talks things over with the new chairman of the Democratic Party, Stephen Mitchell (left) and personal campaign manager, Wilson Wyatt (standing rear). With them is former party Chairman Frank McKinney (right).

in the incidence of federal legislation having to do with economic processes. The federal administration now bears a heavy share of the responsibility to keep the vast and growing forces of our economy turning in productive balance. What the candidates propose to do with this area of federal responsibility—whether they intend to expand or contract it, make it more efficient or leave it alone—is now being revealed and debated before the public.

The issues are many and far-flung. They range from the immediately pressing to matters of long-term policy. The recurring threat of inflation, the increasing tax load, the utility and scope of economic controls, the wisdom of the Taft-Hartley Act and the extent of farm-price supports must be assessed and determined. The exact status of the off-shore oil-fields and the economics of financing regional power developments continue to need examination. The controversial issues of national health



—Associated Press Wirephoto



—United Press Photo

GOVERNMENT SPENDING

"... It has been my lot as Governor of Illinois to prepare and submit to the Legislature two executive budgets. The one I submitted in 1951, after the outbreak of the Korean War, was smaller than the one I submitted in 1949.... I was able to accomplish this, despite the inflationary trend, simply because in the interval I had learned much more about the intricacies of State government and scrutinized very closely the budget requests of the agencies under me. Anyway, that has made me believe, rightly or wrongly, that there is always fat to be found in governmental budgets, as in businesses and personal budgets, if one only has the time and energy to find it and the guts to eliminate it."

"We have seen spending that can be described only as crazy. Governmental spending with a budgetary estimate of \$85 billion of which some 10 to 12 billion... is even over and above all the taxes they charge us today.... Now, much of that expenditure is not necessary at all.... What we've got to get down to is the best kind of business management that the business brains of this community, this nation can produce. We have got not merely to trust to the political leaders or to some one's way up in the highest offices doing a job; we've got to enlist the business brains of America to come up and help us run this gigantic thing that is now costing us \$85 billion a year."



—United Press Photo

PRESIDENTIAL CANDIDATE Dwight D. Eisenhower (left) began talks with his campaign board of strategy immediately after the nomination. Here he exchanges remarks with Arthur Summerfield, Chairman of the Republican National Committee and chief steersman of the campaign.

insurance, federal aid to education, foreign aid and tariffs all add up to economic considerations requiring intelligent and dispassionate judgment. Finally, as a fitting backdrop, there emerges the whole problem of the economic pressures of the defense effort, and what must be done to redirect the tremendously expanded facilities of this effort—if and when defense production begins to taper off.

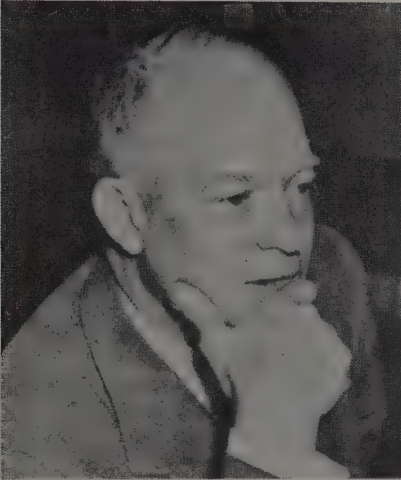
All this, and more, is involved in every vote that is cast during the national election next November 4th.

In the speeches of the candidates we do not always find issues spelled out in an *a-b-c* manner. As spokesmen for their respective political parties, the presidential nominees very naturally stress different sides of the issues and from a point of view which supports the position of their political followers. Quite naturally also, they very often express

TAXES

"That butcher shop owner is just as worried as you are about prices. He squeezes and squeezes on the profit he thinks he's entitled to in order that he can pay the great prices that they charge him and still put something in your market basket. Now think of the amount of that price that he has to pay that's represented in taxes."

". . . That tidal drift toward the Capital will go on and on unless those necessary functions of government which don't have to be performed in Washington are performed, and properly performed, at the state and local level. . . . The people will demand the services. . . . And every dollar you send to Washington to pay for them will shrink before it gets back home."



—Acme Photo



—United Press Photo

OFFSHORE OIL

". . . Of course, we must recognize the right and responsibility of the federal government over national resources essential to national security. However, I see no conflict in this responsibility which interferes with the vesting of Tidelands in the states."

". . . The basis from which I must necessarily start is the Supreme Court decision holding that the paramount interest in oil discovered beneath these submerged lands is vested in all the people of the United States."



—United Press Photos

TAFT-HARTLEY

"I am not in favor of repealing, but of amending, that law . . . I know the law might be used to break unions. That must be changed . . . I think it is important we continue in law: the encouragement of collective bargaining; the right to strike; an advance notice before a strike is called . . ."

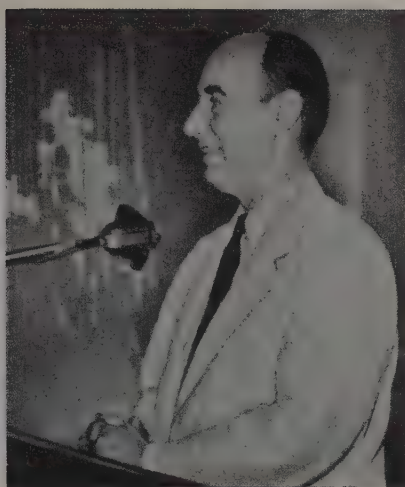
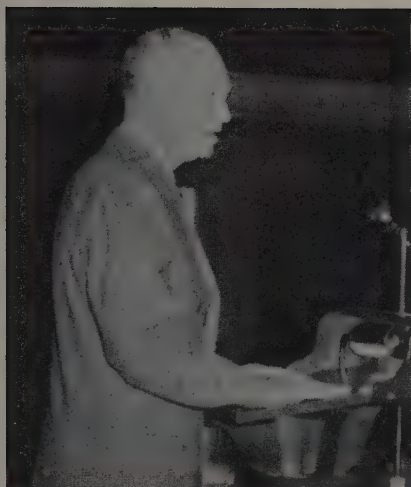
". . . It was biased and politically inspired and has not improved labor relations in a single plant. . . . What we need is a completely new law—one that will provide for investigation and reporting to the public on the issues involved, one that will provide for more effective mediation between the parties."

FARM PARITY

"I stand behind . . . the price support laws now on the books . . . to continue through 1954 the price supports on basic commodities at 90 percent of parity. . . . Agriculture is entitled to a fair, full share of the national income. . . . And a fair share is not merely 90 percent of parity—it is full parity."

HOUSING

". . . It is clear that the problem is inherently one for private enterprise. And it is also clear that it cannot do the job at rentals or costs within the reach of those most in need. The combined resources of national, State and local governments are necessary for the solution of the problem."



—Associated Press Wirephoto

SOCIAL SECURITY

"I would support and press for adoption of legislation designed to lighten the burden of the high cost of living on our senior citizens."

HEALTH INSURANCE

"I am personally very much concerned with ways and means of meeting the appalling cost to the average family of serious or catastrophic illness."

themselves not with the detachment of a scientist, but in words of personal conviction or of attack upon the policies of the opposing party.

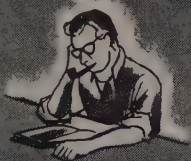
But these political exigencies need not becloud us; for there is much to be gleaned as the campaign continues. Our only insight to the policies of the new federal administration is to be found in what the candidates have to say—or fail to say—now.

In the meantime . . . the discussion and controversy over issues goes on. This free churning of opinions and minds is one of the most important processes we live by. It is a mental and spiritual force we generate in our homes, clubs and working places—sharpening choices, inspiring understanding and working up steam for the enactment of laws that the majority of us believe in.

We can all join in this process; and we can all act upon our conclusions—by voting. ■

College Costs Higher





... and Higher!



EVERY autumn Americans proudly watch the Great Migration of young men and women going off to college. From Bangor to San Francisco, over two million young people are now making this trek—to the hometown campuses, the "State U's," and the out-of-town colleges.

No other country in the world offers so broad a cross-section of its youth the chance for a higher education. In the past fifty years the number of undergraduates on American campuses has increased seventeen times, although the population has only doubled. These

figures are a tribute to the meaning of American democracy.

But like the cost of cars, freezers and everything else, the price tag on a college education is going up. Many schools are already operating in the red, and more and more students are finding the cost of a college education beyond their means. As a result, there is now a genuine threat that the trend toward ever-increasing college attendance will be reversed.

Take the case of a freshman entering college this year. It is estimated that he, or his parents, will have to foot a bill averaging \$1114 for a year's tuition, room and board. Eleven years ago, an older brother paid only \$570 for these same items. As for the student entering a "big name" school this year, his costs will be in the neighborhood of \$2000 a year.

Even if the rates go no higher, we wonder how many parents will be able to afford to send their children to college.

CHALLENGE MAGAZINE has asked Dr. Henry T. Heald, *Chancellor of New York University*, and Alfred P. Sloan, Jr., *Chairman of the Board of General Motors Corporation*, to discuss the crisis from two points of view. Dr. Heald explains why the colleges have been forced to raise tuition and other fees; while Mr. Sloan, one of America's leading philanthropists, outlines a bold program to ease the financial problems of the colleges, so that future autumns will continue to see a wide section of America's youth setting off for the campuses.

'Private Colleges and Universities Need Money.'

By HENRY T. HEALD

Chancellor, New York University

PRIVATE colleges and universities today are struggling with the most serious financial crisis in their history. And there is every reasonable indication that it will get worse before it gets better.

A creeping but constant climb in the cost of living threatens the very existence of our private system of higher education just as surely as it places in peril the stable savings of every citizen in the land.

From buildings to paper clips and pencils, the cost of everything a college uses to educate its students has skyrocketed in the past ten years. Income, meanwhile, has lagged far behind costs.

Fixed costs of almost every kind have *doubled* in a decade—some more, a few less, but practically all have risen at least 100 percent since just before World War II. For example:

Construction costs today are more than twice the 1940 figure. In ten years, some building costs have risen from as low as 60 cents a cubic foot to as high as \$2.00.

Fuel and lighting costs increased 83 percent from 1939 to 1948, while the cost of all expendable materials has also risen sharply. Substantial wage increases have



been mandatory for plant and operating personnel, and shorter work weeks have boosted the costs further.

Supplies, too, have gone up. A typical microscope that cost \$170 in 1940 now sells for \$330. Drawing tables have gone from \$28 to \$78. Typewriters are up 45 percent, projection machines 25 percent, arm chairs 100 percent, laboratory glassware 50 to 100 percent.

Now compare these increases with income:

Tuition accounted for 52.9 percent of the income of private institutions in 1939-40; today it exceeds 65 percent. Actually, the student should be expected to pay no more than half the cost of his education.

(Continued on page 20)

'Business Has an Interest and Duty to Help Them.'

By **ALFRED P. SLOAN, JR.**

*Chairman of the Board
General Motors Corporation*

BEFORE we ask the question: "Why should business give to universities and colleges?" let us first re-shuffle the words a bit and ask: "What have the colleges and universities given to business?"

In answering we must remember that the welfare of business depends on the welfare of the nation as a whole. What contributes to a healthy, stable nation also contributes to prosperous corporations. In this context, few would question that our system of higher education is a valuable national asset.

American colleges and universities have developed the mastery of science and invention which has pushed the United States to a position of world leadership in business and trade. From the college labs have come not only the stream of trained scientists, technicians and engineers employed by industry, but also the fundamental scientific knowledge which is the buttress of our industrial superiority.

But America is more than science or scientists, and the leaders of tomorrow in all fields are primarily the products of our col-



leges and universities. If the continuous flow of college graduates were to be stopped, neither business nor government would be able to recruit the young executives who will one day assume the responsibilities of leadership. The youngsters on the campuses are as important a natural resource for the national well-being as are iron ore and petroleum.

More important still, the American climate of freedom and diversity in which private enterprises thrive is deeply rooted in our system of education. There are 1800 schools of higher education in the country today, each developed in response to a particular need of the American culture and economy. The 600,000 students who are graduated each

June reflect the differences in taste, training and opinion which are the safeguards of economic and political freedom. Without these safeguards privately owned businesses would be in grave danger.

Clearly, the future of American education and American business is intimately connected, and any negative change in the educational system would seriously damage industry. A quick look at the possible results of the current financial crisis will illustrate this vividly.

Our colleges and universities meet their expenses in two ways. The privately financed schools must rely on student tuition and voluntary contributions; the state and municipal institutions are supported by tax money voted by state and city governments. The disappearance of either of these types of schools would greatly alter the America we know today.

For example, the state universities and city colleges with expenses underwritten by tax money can afford to charge only a nominal tuition. If they were to close their doors tomorrow, many ambitious young men and women with limited financial backing would be forced to end their education on the day they were graduated from high school, and the mobility, the equality of opportunity and the chance for betterment, which are the bases of our free society, would be gone.

Conversely, if the private schools could no longer afford to

continue operations, competition would disappear from the field of higher education. Any system of colleges limited to governmentally supported schools would be a standing temptation to politicians to exercise political control over what is taught in the class rooms.

In either case, American industry would be among the first to suffer. In the first instance, it would be deprived of large numbers of young men of ability from which to draw its future leadership; in the second, our freedom would be so endangered that it is doubtful whether or not privately owned businesses could survive.

The money to keep these privately endowed colleges and universities in operation must be found somewhere. In the old days, such schools looked to individual philanthropists for support. But the old days are gone forever. My generation was one of the last with the opportunity to create the kind of wealth which can be used for philanthropic purposes. The ambitious and able young man of today has little hope for more than a reasonable standard of living for himself. Changing economic conditions have eliminated his chances to amass a fortune large enough to allow generous giving.

With the passing of the wealthy individual donor, there remain two sources with the funds for substantial aid to education—the federal government and industrial corporations. The federal government can be dismissed quickly as a substitute for business support.

As was pointed out before, if the government should become the sole proprietor of higher education, there is danger of political control. This leaves business as the only private source of wealth open to educators in need of aid.

But the prospect of direct gifts from corporations to colleges raises a prompt objection: "Are not our educational institutions as likely to lose their freedom through corporate support as through government support?" The answer lies in the inherent differences of government and business. Government support from Washington would necessarily be centralized and would lend itself easily to domination. Corporate support could not be centralized; for business, like education, thrives on diversity. The objectives of industry, better products and improved efficiency of operation, develop only where there is competition. Just as there are many colleges to receive aid, so there will always be many corporations to give.

The objectors should also be reminded that the university trustees, the men who compose the governing bodies of our privately endowed schools, are, by and large, business executives. They are the men who would control corporate policy in contributing to education. If academic freedom has not suffered in their hands as university regulators, it is unlikely that they would damage it as corporate officials.

Clearly, corporate support is

the best solution to the current financial crisis in education; and this brings us once more to our initial question: "Why should corporations—those owned by vast numbers of stockholders as well as those owned by a few individuals—give to universities and colleges? Can such gifts be justified by business organizations with a duty to make profits for their shareholders?"

In some instances, business has long recognized the common sense value of gifts to education. Grants for specific research are clearly investments which will pay dividends in a relatively short time. Money given to further basic research will eventually have similar results. Funds contributed to schools such as the Massachusetts Institute of Technology and the Harvard Business School, which train personnel for industry, are also an investment for the future.

But the financial problems of all types of colleges and universities are pressing, and it seems to me that business should recognize that it has an interest and a duty to help solve them. In coldly practical terms, if corporations do not intervene with generous donations, the federal government will by default be given this responsibility. Government aid will mean increased taxes—with the final result that business will in effect be aiding the schools, but without any freedom of choice. The consequent dangers to both our business structure and to our educational system seem obvious to me.■

College Financial Crisis

(Continued from page 16)

University administrators know this, but they have had no choice but to push tuition rates even higher. Lab fees, too, have gone up, and so have board and room and other service charges. In many private schools a student today pays twice as much for his education as his older brother did ten years ago.

There is a very real possibility that private education may be pricing itself out of the market. This may be just as dangerous to the maintenance of a balance in our private-public system of higher education in the long run as the threat of federal control through federal aid.

Endowment income—for those colleges fortunate enough to be well endowed—has dropped. In 1940 this source provided 23.4 percent of the total educational income for private institutions. In 1948 this figure had fallen to 11.8 percent.

Gift income has doubled in money value, but the proportion of gifts to total income dropped from 13 to 11 percent from 1940 to 1948. And it is well to remember that these gifts resulted only from widespread intensive fund campaigns.

I have not yet mentioned the most important element in any educational institution—its faculty. Buildings, laboratories, equipment mean nothing without first-rate teachers. What has hap-

pened to these people in ten years?

They have been hard hit, ill treated, and unfairly compensated. From 1940 to 1950, salaries at municipal universities rose 76 percent, at state universities 65 percent, and at private colleges and universities 57 percent. But, meanwhile, the cost of living climbed 83 percent, the retail food index 129 percent, and the average hourly wages of manufacturing industry workers 132 percent. Many teachers are getting less real money now than they did ten years ago.

In trimming budgets, colleges have increased the size of classes, hired more instructors and fewer professors, and failed to fill vacancies created by retirements and resignations. All this costs less money, but it's admittedly poor educational practice.

Professional personnel of every other category, with the possible exception of the ministry, have fared better than teachers. Teaching, like the ministry, is a profession people enter because they like it and believe in it. They don't want to leave it, but they will—and in greater numbers—if they are continually tempted by the higher salaries of government and business. These offers are sometimes so attractive that, in fairness to their families and themselves, they simply cannot refuse.

Americans believe in education. They criticize its methods, attack its weaknesses, berate its "academic attitude," question its motives, and try sometimes to curb its freedom—but they believe in it

nevertheless. They want more of it, not less.

This is shown by enrollment statistics. In 1900 undergraduate enrollment was 150,000. At the peak of the veterans' bulge after the war it was 2.5 million. It is slightly less now; but it will climb, on the basis of the birth rate of the '40s, to perhaps 3 million by 1960—and after that, who knows?

The same is true of graduate enrollment. It was 5,800 in 1900. By 1950 it was 237,000—more than twice the 1940 figure. And graduate enrollment is more expensive. Classes must be smaller, teachers must have greater experience and hence higher rank and salary, and the equipment (in scientific and engineering fields) is more costly.

Even without reference to the inflationary trend, education will continue to cost more, not less, at all levels. The need for money is great. Private colleges and universities need money in substantial amounts just to stay where they are. The facts of the matter are these: Costs will continue to rise. Tuition fees must level off; there is a serious question whether they can go much higher. Faculty salaries must be raised. Endowment income, even for those generously endowed, will not be adequate.

There remain only federal aid and gifts.

The first I reject as unsound and unwise if it is allowed to become the sole or decisive factor

in the support of an institution. This danger is always present, and it increases even more rapidly than the federal aid mounts. When the basic objective is aid to an *individual* (scholarships, fellowships, GI Bill) rather than an institution, such aid is acceptable; but even this needs close and constant scrutiny. Federal aid is harmful when it relieves the local community of its responsibility. And usually it leads to some measure of federal control.

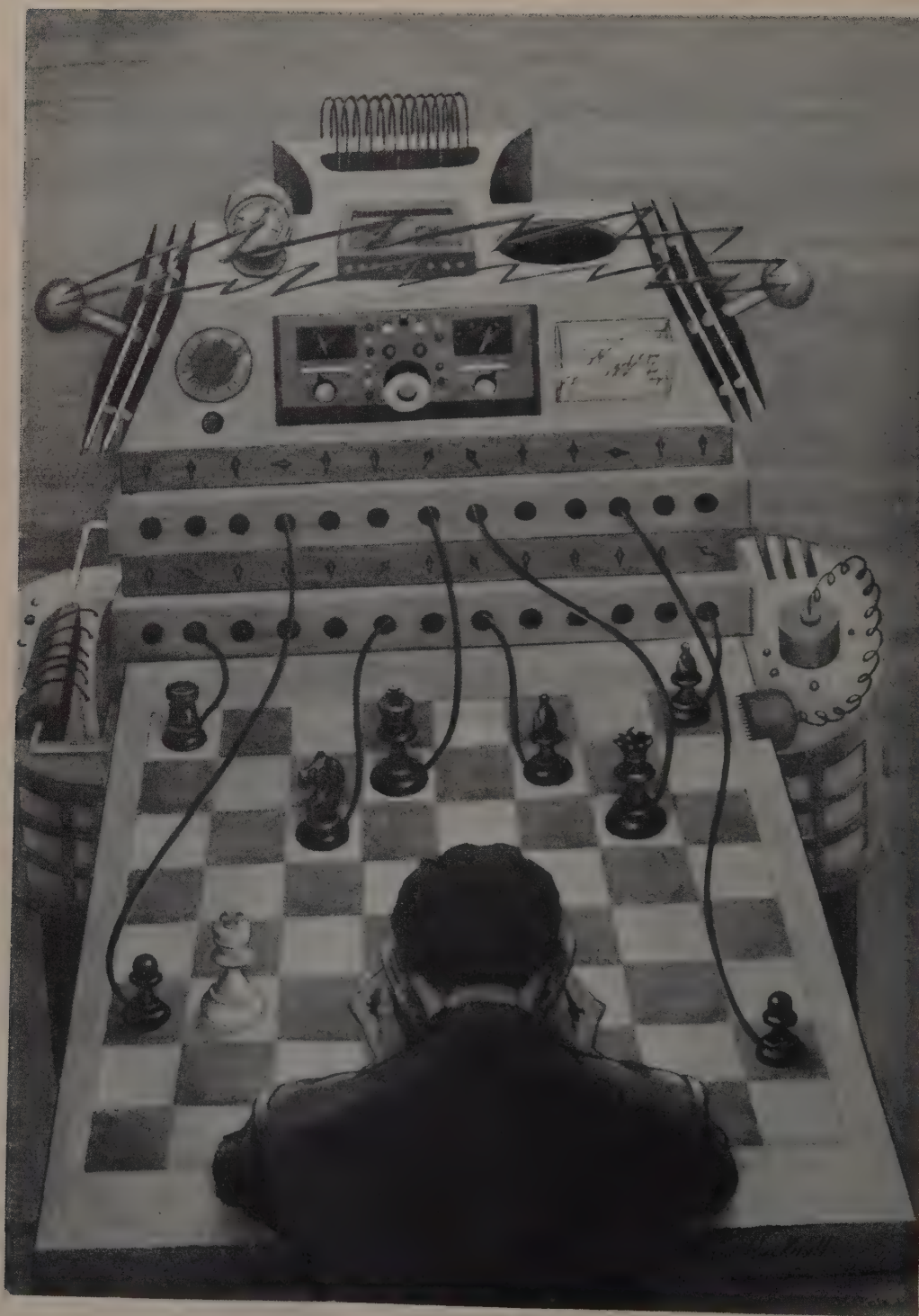
That leaves gifts as the only real solution to the financial plight of private education. Vigorous efforts on a continuous basis must be made to stimulate more and larger gifts—from alumni, foundations, individuals and corporations.

Fund-raising must become a major function of administration in private higher education. The story of our aims, accomplishments and needs must be told and re-told. When our need is understood and appreciated, when the people understand our need and see that private education is a vital part of our whole pattern of freedom, I am sure they will respond with the support for it. ■

Many of the statistics quoted in this article were obtained from three principal sources:
THE IMPACT OF INFLATION UPON HIGHER EDUCATION, an interim report of the Commission on Financing Higher Education.

TRENDS IN FEES, SALARIES AND ENROLLMENTS IN 497 COLLEGES AND UNIVERSITIES, *School and Society*, Vol. 74, No. 1915 (Sept. 1, 1951).

Various surveys made and reported by Dr. Benjamin Fine, Education Editor, *The New York Times*.



electronic **B**rain

LAST spring a news story out of Britain told of an "automatic computing engine" that had humbled the Duke of Edinburgh in a game of chess. Another dispatch from Spain cited a similar chess trial in which a "mechanical brain" gave up in disgust because its human opponent was playing too elementary a game. In our own country the newspapers brim with accounts of better and better "electronic brains," which are solving problems too involved for the human brain.

To those of us with a science-fiction imagination such goings-on portend an era when the superior "brains" of mechanical monsters will win mastery over the world of mere humans. However terrible and intriguing such a prospect might appear, a realistic appraisal of the capacity of these so-called "thinking machines" will quickly demonstrate that they cannot work unless controlled by human beings. But what the machines are already doing is nothing short of marvelous. The future tasks they will be made to perform promise a change

**What are they?
How do they work?
Can they take over?**



Such mechanical superiority is possible only when a human finger on the control panel provides "spark" and direction.

in the working habits of millions of people. This fact alone is problem enough without conjuring up others from the realm of fiction.

CYBERNETICS is the technical word for the study of how an electronic computing apparatus may copy some operations of the brain. Cybernetics is a new field of science which, according to present predictions, will largely do away with man's dependence upon his sense organs and brain for guiding the work of the world. In the words of Dr. Samuel Lubkin, president of the Electronic Computer Corporation, "The first phase of the industrial revolution saw the mechanization of musclepower; the second phase is the mechanization and electrification of brainpower." We are now entering that second phase of the industrial revolution.

Electronic computers, or, if you wish, electronic "brains," have already raised the sights of every branch of science grounded upon mathematics. The atomic energy and hydrogen bomb projects have shot ahead with the assistance of the new devices. In the business world, electronic brains have begun to take on the jobs of accounting and payroll calculation, billing and tax computation. They are keeping track of production schedules, quality tests and inventories. At the Institute for Advanced Study in Princeton, New Jersey, an electronic computer works out in three hours weather

predictions which would require three centuries for a person operating an adding machine. The Sunray Oil Company in Tulsa, Oklahoma, has an electronic computing punch that calculates the data on oil flow through 124 pipelines in three minutes. This job used to take a skilled accountant all day.

Apart from their ability to calculate, the capacity of electronic brains to stock and transmit information seems limitless. An electronic brain may some day hold as much information as there is in the Library of Congress. In his book, *Giant Brains*, Edmund Berkeley predicts that electronic brains will some day translate information from one language to another.

Completely automatic factories approach reality with Douglas Aircraft's "digital analog convertor." This new variety of electronic computer counts the revolutions of a shaft on a machine tool, measures specific tolerances and turns the tool on and off automatically. According to a Douglas engineer, "This same device could be used to control the operation of a battery of twenty boring machines now requiring as many hands to operate them." Already some of our large automobile manufacturers have completed the first experimental phase of "automation" of their plants.

There are approximately 1,040 electronic brains at work in the United States today. About thirty of these are a variety of large-



scale, multi-purpose machines adaptable to both scientific and business tasks. The Remington-Rand Company's "Univac" is a good example of an electronic brain of this variety. The company has built three Univacs to date, the first of which is now whirring into its eighteenth month of combined computing and clerical operation for the Bureau of the Census. In breaking down certain findings of the 1950 census, it is saving taxpayers one-half the former cost for similar operations. Of the two newer Univacs, one has just enlisted with the Air Force and the other with the Army Engineers' map-makers. The latter machine will help re-determine the size and shape of the Earth.

The "Typhoon," built for the Navy by the Radio Corporation of America at a cost of \$1.5 million, saved \$250 million on a single project. It simulated the test runs of guided missiles before they ever left the drawing boards.

In New York City the International Business Machines Corporation's room-filling "Selective Sequence Electronic Calculator" has served, since January 1948, a waiting list of answer-seekers from government bureaus, the armed forces and private business. One project for the Atomic Energy

THIS MACHINE "BRAIN" directs mechanical devices to produce auto parts. It receives information from "electrical lookouts" in the production department.

—United Press Photo

Commission consumed months of round-the-clock operation.

Taken together, the large-scale electronic brains pump out a constantly swelling volume of answers to scientific and military puzzles which would otherwise keep mathematicians wearing out pencils for years to come.

But for all their marvels of scientific performance, it is probably as servants of business that electronic brains will first be mass-produced and most widely used. International Business Machines, Remington-Rand, and the Electronic Computer Corporation have already put on the production lines some small-scale and relatively inexpensive models intended chiefly for business use. Production, however, is very limited thus far, and IBM's "Model 604" computers make up nearly all of the small machines doing clerical work. There are about eight hundred of these "604's" now in use, saving millions of man-hours in all sorts of clerical and record-keeping tasks.

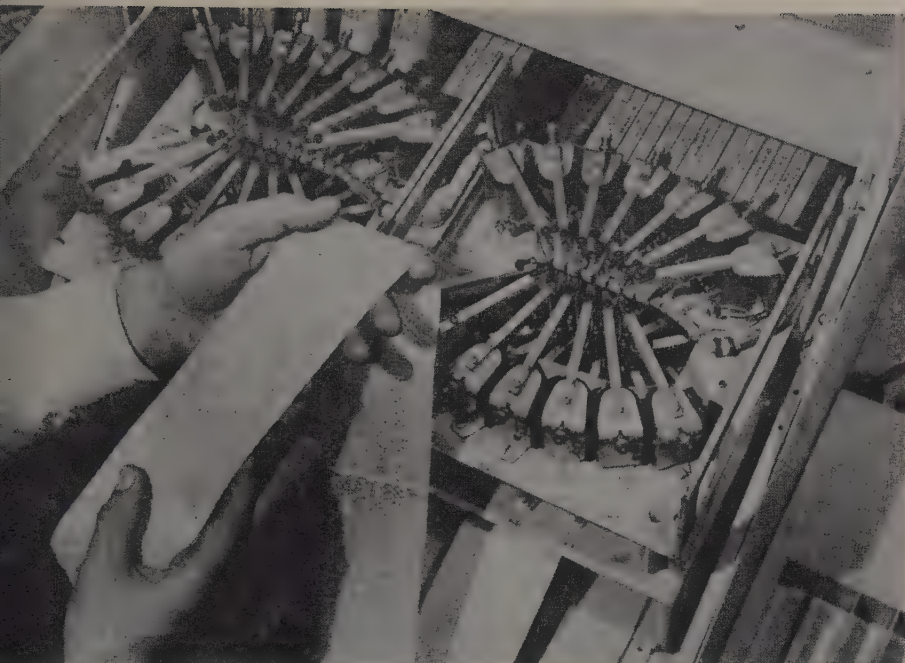
Then there are a few special-purpose electronic brains built to perform specific jobs. Among these custom-built models is the Automatic Message Accounting System first set up experimentally in Newark, New Jersey, by the Bell Telephone Company. For the past year this company has been employing the AMA System for dialing long-distance calls from near-by Englewood with almost no use of long-distance operators.

The partly electronic AMA System, built by Bell Laboratories, also records and figures charges for calls. At last word five such systems were serving in recording centers at Newark, Brooklyn, Philadelphia, Detroit and Chicago.

Another type of electronic brain built for a specific job is the "Reservisor," which enables American Airlines in New York City to handle a crush of reservations with unruffled dispatch. This task had nearly got out-of-hand with the mushrooming of air travel. The company's new Reservisor, developed jointly with the Tele-register Corporation, transmits data on travel space within seconds. No longer do phone calls pile up between ticket offices and reservation centers.

THE science of cybernetics is barely ten years old, but man's search for tools which could help him do simple arithmetic dates back to prehistoric times. Counting on fingers was probably the first method devised, and after that came laying out pebbles for simple tabulation. Centuries later the pebbles were strung together in a frame to form the *abacus*, a calculating device most highly developed in China and still found in Chinese laundries in America.

In more modern times many new methods and devices were developed which served as aids in performing the four basic operations of arithmetic, but a truly



—Bell Laboratories Photo

AUTOMATIC MESSAGE ACCOUNTING strip (top) codes phone number, length of call, and furnishes details necessary for customer's bill. Engineer (below) at the Massachusetts Institute of Technology checks work directions of electronically operated machine tool which turns out metal parts without skilled machinist.

—Scientific American



automatic tabulator that would perform a series of calculations and print the result still lay ahead. Early in the nineteenth century an Englishman named Charles Babbage drew up plans for such a calculating machine, but it never took shape because the tools, materials and engineering skill needed to build it were nowhere to be found at the time.

But since Babbage's day the needs of business and of science have grown in complexity, and many types of mechanical tabulators which add, subtract, multiply and divide have been developed and put to practical use. Not until World War II, however, did machines appear which go beyond aiding a human being to do arithmetic. Now modern electronic computers carry out a chain of calculations automatically, step by step, in a way that suggests comparison with the operations of the human brain.

THE human brain contains about ten billion winding nerve cells called *neurons*. Information from the eyes, ears and other sense organs is registered on the brain through impulses carried by a network of neurons. Exactly how the brain works is not completely understood; but we do know that the brain receives information, stores it, refers back to it, and connects new and old information in such new combinations as will have meaning. This constitutes "thinking." The inter-

action of the various parts of the brain is very fluid, and a completely flexible control over the workings of the various parts is maintained at all times—at will.

In contrast to this flexibility of the workings of the human brain, all of the action in an electronic brain is housed within four distinct units, each of which performs a specific function. By means of an input-output unit, data flows to and from the machine. A control unit, as directed by an operator, indicates the sequence of steps in which the data is to be acted upon. The real work of the machine is done in the computing unit, for it is here that the data is tabulated, sorted, re-



—Bettmann Archive
STUDY IN CONTRAST between ancient abacus and modern Univac. Maj. Gen. Leslie R.

shuffled and combined. Finally, a memory unit stores the results of the computing unit's work for future reference, if the operator deems this necessary for the solution of another problem which may be in the works.

But the important point to remember is that the interaction among the four units must be prompted by the human operator. The machine cannot, by itself, connect information in such new combinations as will have mean-

ing. The machine cannot "think," and it does not have a will.

Another sharp distinction between the brain and an electronic computer is that the computer cannot make use of information which is in a natural state. All data must be digested into a pattern of perforations on a card, into a magnetic code on metallic tape, or into some other form which can activate a series of electrical impulses before an electronic brain can go to work. Answers emerge in the same form of coded response, which must then be de-coded. In other words, the machine is deaf, dumb and blind unless a human being does all the interpreting for it.

In short, an electronic brain is a very complex computing machine which stands distinctly apart from a thinking body. Its speed is its reason for being. Geared to the speed of *electrons*, each circuit within a computing unit can be actuated in less than a millionth of a second. This is almost 1,000 times faster than the time required for the neuron in a human brain to act upon an impulse. This is why an electronic brain can calculate more rapidly than a human being. This is why an electronic brain, when pitted against a human being in a game of chess, can mathematically gauge the value of all possible moves on the board, can remember all the possibilities, and come up with the winning combination.

From the pioneer "Eniac," which was designed in 1941, down



Groves and inventor J. Presper Eckert, Jr. check operation of giant "brain" machine.

to the present time, the emphasis has been on developing electronic brains for scientific or highly technical purposes. The effort has been sparked by defense contracts, and a great deal of government money has gone into it. Private funds, however, have also been made available during this developmental stage of the electronic brain industry. Remington-Rand spent more than a million dollars on its first Univac alone, and International Business Machines has drawn entirely from its own resources in producing the "604" and a soon-to-be-announced new super computer. The prospect of widespread use of electronic computers has turned on the fever of competition. The millions that private business has already spent will be multiplied many times over for several years to come before mass production methods can be applied and the industry put on a profitable footing.

BLOCKING the mass production of electronic computers and other "thinking" devices is the lack of two essentials — *standardization* and *demand*. In present production no hard and fast rules shape either design or contemplated use. Many manufacturers—particularly the new ones who have come into the field as specialists in one type of electronic computer or another—are working almost from scratch to turn out machines which must suit the particular needs of a government agency or

private firm. Models of many sizes, shapes, speeds and capacities are in the works. Present purchase prices range from \$50,000 to \$750,000, which puts the machines beyond the budgets of most business establishments. It will take a wide acceptance of improved basic designs before mass production can make electronic brains available for general business use.

When this happens, most human clerical routines will gradually be taken over by the machines. Similarly, human eyes, ears and hands in all types of work will likely be giving way to electronic controls. We are now talking about developments which may take another fifty years to happen. But when it does happen, will it mean that millions of people will be left without jobs and opportunities to make a living?

The problem of prospective "technological unemployment" is not new. About 150 years ago, when a new type of mechanical knitting frame took over the jobs of thousands of hand-knitters in Nottinghamshire, England, bands of unemployed men began to break into mills at night and sledge-hammer the frames to splinters. Other groups thrown out of work by the power-driven machinery of the industrial revolution struck out with the same hopeless tactics. Yet if the hand-knitters had not given up their jobs to machines, most of us today could count ourselves lucky to have one rough coat to cover our backs.

We are now very familiar with the process of constantly bringing in more and more machinery to do our work for us; and while this process has changed the job-status of millions of people during the last fifty years, no one can reasonably argue that anybody has been left unemployed because of the mechanization. Far from causing technological unemployment, the machine age in America has multiplied the amounts and varieties of available goods; it has steadily increased the number of job opportunities; and, to boot, because each man can now produce more and earn more, the material wealth of the wage-earner has been immeasurably increased.

Electronic computing and control devices can be expected to have the same effect on our economy as power-driven machinery has had. Anything that helps to increase the efficiency and productivity of our work is bound to re-

sult in better things for more people. Electronic brain power can be expected to open new opportunities for every old and less creative job it eliminates. This new phase of the industrial revolution will affect production, distribution, work-hours and wages so profoundly that our entire pattern of life will be revised. New concepts of human endeavor and the use of time will emerge. As we look at these projected developments of the future, it may seem to us that for a while people may not know what to do with themselves. But we may count on the human drive for betterment to assert itself.

Thomas Edison put it very neatly: "The stomach is the only part of a man which can be fully satisfied. The yearning of man's brain for new knowledge and experience and for pleasanter and more comfortable surroundings can never be completely met." ■



Burr Tillstrom's

KUKLA, FRAN and OLLIE in

'A Penny Saved'

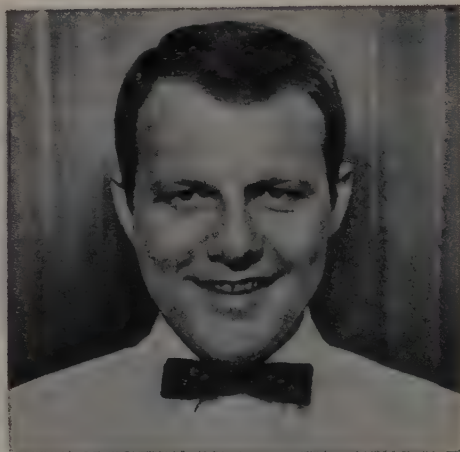
(CHALLENGE MAGAZINE presents highlights from the forthcoming illustrated booklet, *A Penny Saved*. The full-length booklet presentation may be obtained for 25c by writing to CHALLENGE MAGAZINE, 32 Broadway, New York 4.)

Hello!

My name is **Burr Tillstrom**. I'm manager of the *Kuklapolitan Players*, a puppet theater group. Ordinarily we keep ourselves busy with television broadcasts, but something happened to us off-stage a few weeks ago that I'd like to tell you about.

I was getting sick and tired of the careless way Kukla, Ollie and some of the other

kids in our show were handling their money. Now, I know that most people take better care of their cash than the Kuklapolitans were doing—as you will see when you learn what went on. But that's not the point of the story. When I asked Fran Allison, my assistant, to get after the kids about their carelessness, she became involved in a pretty extensive conversation that turned out to be important. She and the Kuklapolitans uncovered some facts about money that aren't generally known. That's what I want to tell you about. So here goes.

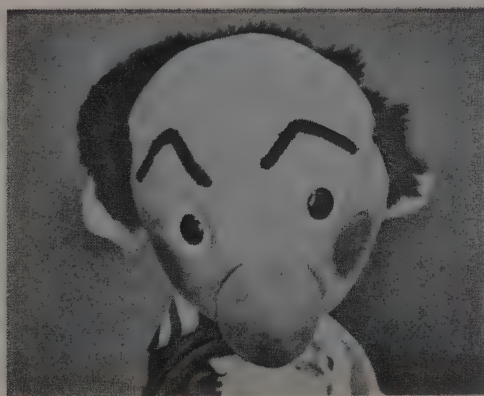




Fran was absolutely flabbergasted when I showed her a bill for \$143.14. Someone had spent that much for a second-hand escalator; and there was another big bill for a used helicopter. I also told Fran about the money belt I had found in the music file, the couple of dollar bills in the piano and the money in the sugar bowl. "Fran," I said, "this sort of thing has got to stop. I want you to find out what's going on around here."

We decided that Fran would conduct a survey by getting the kids to talk about what they did with their allowances and salaries.

The first one she got hold of was **Kukla**. He was very cooperative, and frankly admitted that he was the one who had put money in the piano. He felt pretty bad about it, too, considering that what he had done was not too good for the piano. He promised never to do it again.





Oliver J. Dragon popped in suddenly—all excited about something or other, as usual. Ollie was a little cagey with Fran at first, explaining that he swallowed some of his money. (He almost swallowed Kukla's nose, telling the story.) Finally, he admitted that he just couldn't resist "bargains" like used escalators and second-hand helicopters. What a guy!



The next one in was **Fletcher Rabbit**, who usually makes sense. But Fletch was tending after his new baby guppies, so he didn't have more than a moment. All he could say was: "I sock my money away. I sock it away for a rainy day—right here in my Argyle Bank."

By this time Fran was fit to be tied.



Then **Colonel Crackie** interrupted the proceedings. He was in a talkative mood. He'd been reading about the South Sea island of Pingo Pongo, where the natives live a simple and primitive life. "But we," the Colonel observed, "live in a complex society. We need a dynamic and expanding economy—one which can constantly raise our standard of living."



But all eyes shifted to **Madame Ooglepuss** as she made a grand entrance into the room. She had on quite a hat—a little number created especially for her. Madame Ooglepuss, it turned out, thought it was perfectly safe to keep her money in a strongbox. However, she couldn't remember whether the combination to the box began with a 5 or a 3.

Buelah Witch rushed in to say that the combination began with a 3. "I could hear the clicks of the dial clear across the hall!" she exclaimed.

Madame Ooglepuss was highly insulted and left in a great huff. But this didn't faze Buelah Witch at all. When questioned about her finances, she blandly explained that she had been keeping her money in a money belt—until lately. She had lost the belt, she said. (I knew where it was.)





Fran was getting thoroughly discouraged. Fortunately, just when it seemed there was no use going on with the survey, little **Mercedes**, the schoolgirl member of our group, came up with some very hopeful information. She had been saving part of her allowance every week and putting it in a savings account. "Every Wednesday is Bank Day at school," she explained. The kids were so impressed by Mercedes' bank account that the whole conversation turned to the subject of savings. "Saving money is an important habit," Mercedes continued, "and it's important to the future of the country, too." She never got a chance to explain further, because at this point Colonel Crackie interrupted again. The Colonel also seemed to have a great deal to say about savings. The conversation became very informative. Here's the gist of it:

(1) A high standard of living requires a constant investment of money in research and in providing for the modernization or building of plants and equipment.

(2) Savings provide the means for such investments: for example, when people buy shares of stock; or when money is deposited in a bank, where the accumulation of many deposits is pooled to serve as a basis for bank loans to businesses and industries.

(3) Even savings represented by insurance policies eventually take part in the nation's economic expansion—because insurance companies invest the money in productive enterprises.

(4) Savings create investment capital and are absolutely essential to an economy if it is to expand constantly and provide the means for a good life.



Colonel Crackie and Mercedes gave the kids a lot to think about. They all resolved to treat money with more respect thereafter; and they were happy that they had had a chance to learn exactly what savings mean to the economic well-being of the whole country. Fran and I were gratified that the survey had turned out so well.

I felt that chocolate sodas for everyone would be a good investment just then. There was general agreement on that, too. S'long, now. ■

FOR more than a generation, New Englanders have watched a decline in their manufacturing industry that threatened some day to shake the region down to its very economic bones. If you ask any one of New England's 60,000 presently unemployed textile workers, he will tell you from personal experience that those depressing days have arrived.

One can't blame these people for taking such a discouraging view of their situation. They have lived through too many repetitions of the unhappy scene that unfolded on Christmas Eve of 1935 in Manchester, New Hampshire: Amoskeag, world's largest textile mill, had shut down and left about 15,000 of the city's 75,000 people without work. More recently, Textron's mills went out of business in Nashua, New Hampshire; while about a year ago, the Mt. Hope Finishing Co. of North Dighton, Massachusetts, by its "runaway" relocation to the South, left 700 textile workers high and dry.

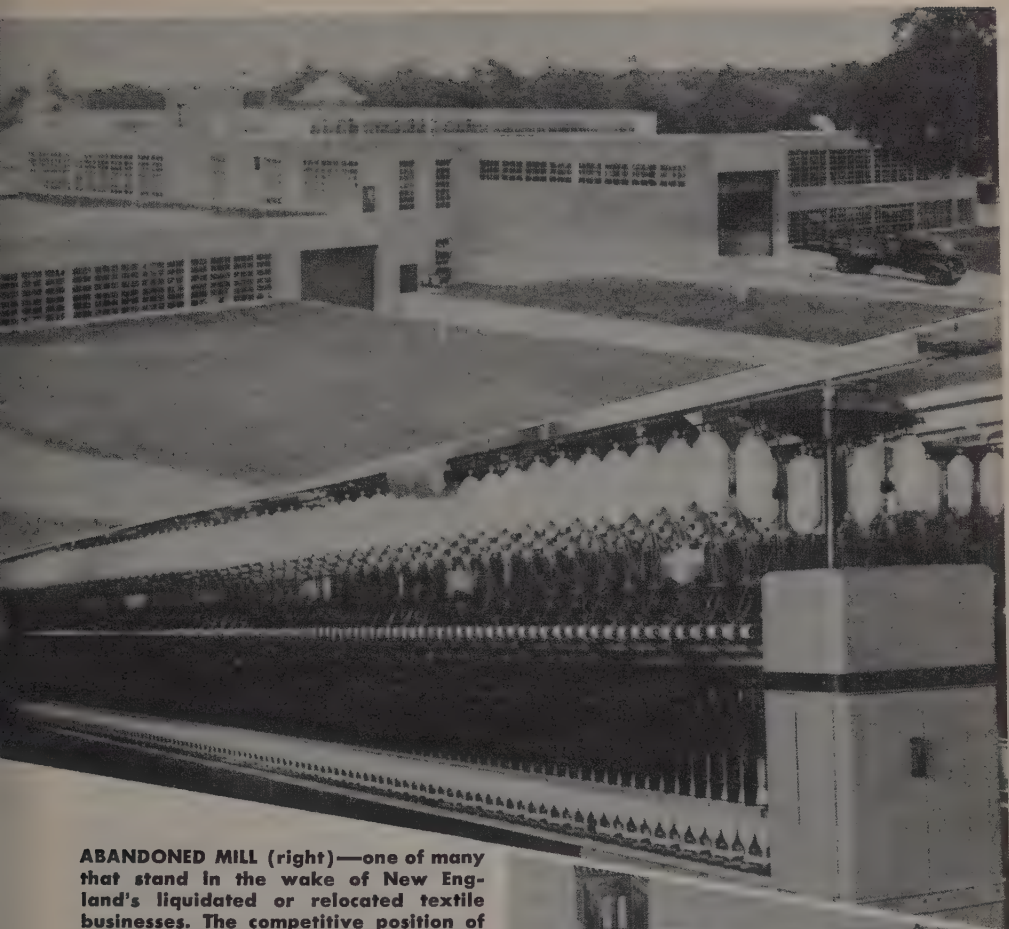
Here is what a representative textile worker in Lowell, Massachusetts, told a CHALLENGE MAGAZINE reporter about the textile situation in New England. "I saw this thing coming for a long time," he said. "I first started working in a mill at Lawrence, and after I had worked up to a good classification, the place folded on me. I landed another job ten miles away, and the same thing happened. Then I moved the whole



—New England Council Photos

New England's Textile Headache

*An important industry
a serious regional
and a local tragedy*



ABANDONED MILL (right)—one of many that stand in the wake of New England's liquidated or relocated textile businesses. The competitive position of the region's textile industry can be regained by a process of modernization in plant and equipment (above). New England's problem is to face up to the special economic conditions required for such a general program of rebuilding.

—Standard Oil Company (N. J.) Photo



in decline becomes economic problem—to many mill towns.

family up to New Hampshire and went to work for Textron. That lasted for a while, and then the whole town was hit when the mills went out of business. Now I'm back in Lowell, where I work in the mills on and off. Everytime I settle into something, they pull the chair out from under me. Textiles are dead, but I don't see how this region can live without them."

New Englanders who express their feelings in public, on the air or in the press, disagree as to how essential textiles are to the economic life of the region. Despite the pros and cons, however, official concern is so great that one committee after another has been appointed to study the crisis in textiles and to suggest remedies.

Without a doubt the decline of the textile industry is an irksome subject for New Englanders, all the more so since their misfortune has become a boon to others—particularly to the South where the greatest strides in textiles have been made during the past half century. An attitude of defeatism seems to pervade the New England textile picture, as liquidation and relocation of mills continue apace. Cotton textile manufacturing, which was once a New England trade mark, has already slipped away to find a home in other regions. Today the Southern mills hold a lead of almost eleven to one in the number of cotton-mill workers employed.

A similar relocation of woolen and worsted mills is what New Englanders fear most, and rightly

so, since such an emigration is already quite evident. The expectation is that New England's share of the nation's wool capacity will be cut to a half or even to one-third from the present two-thirds she now enjoys. Southern spokesmen are quite open about their intentions to corner the woolen and worsted industries as they have the cotton.

The total textile employment in New England is now down to almost one-half the 440,000 it was in 1919. And it will go down still further if the relocation of mills is not halted. Reactions vary from a hasty "Let them move—there are better industries coming in . . ." to more sober appraisals by those who realize that textiles provide more than one billion dollars of the region's income and that much subsidiary employment is also dependent on textile production. Since the problem directly concerns about 43 percent of all of New England's manufacturing employment, the unfolding textile crisis is certainly a matter of deep concern. In Massachusetts, the problem has become a major political issue in the campaign between Senate aspirant John Kennedy, Jr. and incumbent Senator Henry Cabot Lodge. The people of Lowell, Lawrence, New Bedford and other textile producing centers may well decide who is to represent them in the U.S. Senate on this one issue alone.

Seymour Harris, chairman of the New England Governors' Committee on the Textile Industry, is

no alarmist, but he has recently coldly appraised the situation. "New England must have new industries, he says, but if we are to avert ghost towns, we must keep our textiles, or, at the very least, greatly slow up the exodus."

So where does New England go from here? To explain why textiles have reached such an unenviable level in New England has required a series of official committee studies for more than a decade. The facts that have been unearthed have caused much pained comment, but corrective measures have been slow in being carried out.

HISTORICALLY, New England cradled the textile industry in the 17th Century as Yorkshire carders from England settled in areas like Rowley, Massachusetts. The transition from home industry to machine-powered mills began on a large scale after 1800; and though the country expanded and sources of raw material lay outside New England, the region became characterized by the development of one-mill manufacturing towns, with textiles dominating the industrial scene.

Lowell, Massachusetts, was the first industrialized city in America and set a pattern for many New England communities. Some of this country's earliest industrialists were "lords of the loom," who in an era of immense expansion and growth poured their

energies and their fortunes into smoke-spewing mills which employed tens of thousands of people. New England became the first of our industrialized regions. By the same token, she is the *oldest* of our industrialized regions. And here is the rub!

A large segment of the New England textile industry now finds itself out-moded and unable to operate on an efficient basis. The old mill with smoke-blackened brick walls which have been buttressed by steel bars to keep them from buckling is not an uncommon sight in New England. These multi-level structures are decades behind the modern, straight-line production set-ups. The clatter of out-moded machinery brings back memories of the horse-and-buggy days. The floors in some of these mills wouldn't support the weight of modern textile machinery. With plants and equipment generally behind the times, it is small wonder that many New England textile manufacturers find themselves unable to compete against the modern plants that are going up in other parts of the country.

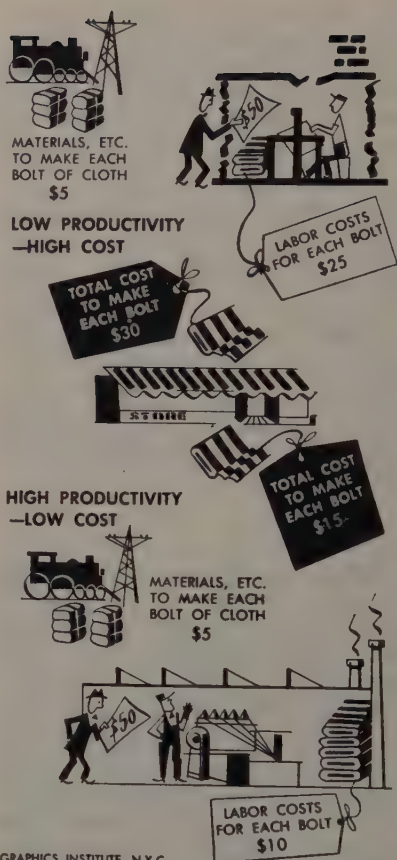
Let us say, for example, that New England were able to match the South in the cost of labor, taxes, power, transportation, raw materials and the like. Even if such an equality of costs should exist, the more efficient Southern mills could still outdo New Englanders on superior productivity alone. For one fundamental law of economics, and a fortunate one, is that an efficient increase in pro-

ductivity not only results in more goods, but also reduces the cost of goods per unit in direct proportion to the increase in productivity.

What Henry Ford did with his assembly line, and what the automobile industry has generally done to mechanize the major portion of the assembly line process, is a perfect example of how this economic law operates. A manufacturer who fails to improve his technological tools of production cannot hope to stay in business very long. Efficiency and productivity are the keys to competitive enterprise, and it is here that the New England textile manufacturers have failed to keep pace with their competitors in other regions.

Of course there are outstanding exceptions to this generalization, and New England is fortunate that her entire textile industry is not stricken from top to bottom by an hardening of the arteries. The Bachmann Uxbridge plant, which from modest beginnings in 1898 has propelled itself into one of the most important American producers of wool and blended fiber cloth, has for years been engaged in a program of modernization. The company helped to perfect the Swiss Warner and Swasey rotary weaving machine which outproduces the old machine by 40 percent. Sixty-five of these giant weavers are now in operation in the Uxbridge, Massachusetts plant. As a result, the fine competitive position of this company is understandable.

Other million-dollar moderniza-



GRAPHICS INSTITUTE, N.Y.C.

tion projects are under way at the plants of Atlantic Mills in Providence, Rhode Island; Haywood-Schuster in East Douglas, Massachusetts; Hathaway Manufacturing in New Bedford, Massachusetts, and Bates Manufacturing Company plants in Maine; while Boston's Pepperell Manufacturing Company is celebrating a century of unbroken dividend payments to its stockholders.

Also heading in the right direction is the build-up, wherever possible, of brand names like Pacific Mills' "contour sheet," or Amoskeag-Lawrence Mills' "Flexees" and "Sea Mold" bathing suits, which, through expensive, large-scale promotion, have rolled up enviable sales despite the textile depression.

When efficiency stories like these become more general in New England, the region will have a better chance to keep what is left of its present capacity in textiles. "We can hold no more effective trump in our hands than manufacturing plants which represent the last word in mechanical efficiency" is the way Frederick S. Blackall, Jr., former president of a New England Committee of inquiry, puts it.

But if modernization of plant and equipment is a primary cure for the diseased textile industry, why hasn't the cure come sooner and been more generally accepted in New England? More disturbing still, why have so many manufacturers chosen to do their modernization in the South and other regions rather than to rebuild where the textile industry has traditional roots?

The textile industry of New England started out in the hands of old families, many of whom in succeeding generations began to assume the role of absentee owners, or, at best, dilettante managers. Without danger of outside competition, New England textile

manufacturers generally developed a sense of security. Content to make their profits, they failed to maintain the alertness so necessary to the perpetuation of a business. By the time a new type of industrial management began to take over as corporation presidents and executives, hundreds of mills were already in a state of obsolescence.

WITH this legacy of an industry in decline, today's management must work hard to revitalize their operations. To some segments of management, economic conditions in New England have appeared to present too many obstacles to make revitalization possible. Hence the decision of some to relocate.

Early this year Francis W. White, President of the American Woolen Company, which normally employs 18,600 workers in New England, brought the problems of his company before the public by pointing out that per unit cost differences between New England and the South have reached such proportions that it is now difficult for New England to overcome the competitive obstacles. "Over 50 percent of the industry will be relocated. The other 50 percent can liquidate. There will be little else to do." His remarks caused a tremendous uproar, particularly since one-fourth of American Woolen's plants in New England were already shut down, and there were reports of the purchase of a new mill site at Tifton, Georgia, in addition to the com-



—Acme Photo

THE MT. HOPE FINISHING COMPANY plant in North Dighton, Mass., shut down in 1951. A family-owned plant, it was the mainstay of the town and had owned all the homes and real estate at lower left.

pany's other mills in the South.

The significant point about Mr. White's statement is that he makes relocation and survival synonymous. His company's gradual exodus from New England is dramatic proof that he seriously believes what he says. Unfortunately, from a public relations point of view, relocating manufacturers have talked too much about individual advantages offered by the South and too little about the all-important fact that these advantages make profits possible—profits without which the industry cannot survive.

All too often management has been content to state that wages are lower in the South, which is true, for the time being; but wages in the South have been on the rise and will rise more, so at best this reasoning appears to be of short-term value and perhaps even overly-selfish, considering the hardship that hundreds suffer when a mill is relocated.

Another reason frequently offered on behalf of relocation is that local and state taxes in the South are much lower than in New England. American Woolen's estimates, for example, that it could have saved \$1.5 million in taxes alone if its mills were all located in the South. But to people who are threatened with loss of their jobs, such an obvious reluctance to pay taxes appears downright uncivic-minded. Besides, one wonders what will happen to the tax structure in the South once vast

industrial communities begin to replace the agricultural backwash of former years, and demands for local and state services become increasingly heavy. Lower taxes, then, also loom as only a short-term advantage.

Lower construction costs, cheaper power, and closer sources of raw materials have all been pointed out as invitations to relocate. Certainly none of these reasons could stand alone as sufficiently important to warrant a move from New England to the South or to the West. But when taken together, they go a long way toward creating conditions for profitable operation. It is the lack of such conditions which has made the New England textile situation so depressing.

Since profits accumulate from a variety of savings in all phases of operation, the South has proved attractive, regardless of how short-termed the advantages might be. The entire effort of those who have chosen relocation is to give their industry a new lease on life. If relocation helps in that process, then relocation becomes a justifiable expedient.

MANY New England textile manufacturers are now caught in a vicious circle. Inefficient plants in a high-tax and high-labor cost area make profitable operations difficult to attain. Yet profits are necessary to pay for the moderni-



zation which will bring the industry competitively up-to-date.

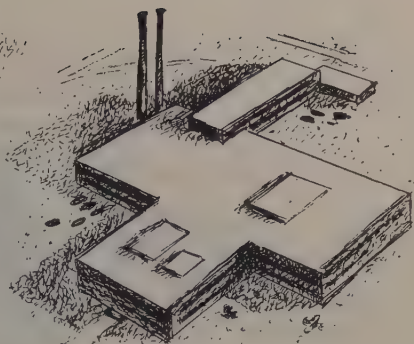
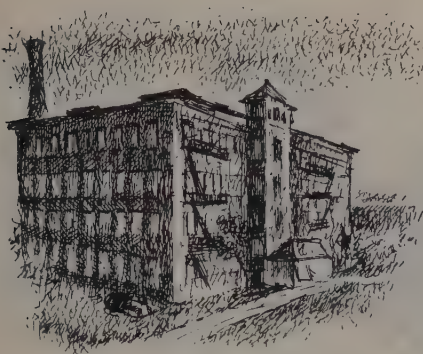
New plants and new equipment are not acquired without the expenditure of large sums of money. Similarly, meeting market demands for new products like orlon, dacron, dynel, vicara, acrilan, and others also requires large outlays for research and development. It is significant that the Southern mills have taken a tremendous lead in the production of such man-made fibers.

The task of rebuilding in New England has loomed too large an undertaking for many manufacturers. Some have chosen to liquidate. Others have taken the line of least resistance westward, and most particularly southward, where operating costs are lower and where some state governments offer every conceivable inducement, including subsidized construction of plants, for profitable industrial operation.

If New England is to save what is left of her textile industry,

which is still considerable, the utmost cooperation among labor, management and mill localities is required. Labor must make allowance in cases where there is genuine difficulty for a manufacturer in meeting wage demands. Any additional burden could further weaken an already difficult competitive position. As a matter of fact, to forestall the inevitability of further relocations many New England mills have been awarded wage cuts of about eight cents per hour, after arbitration. This wage cutting, an unhappy and temporary expedient, can serve a good purpose only if it is a part of a broad program designed to get New England mills back on their feet.

On the other hand, management must not use the threat of relocation as a cudgel over the heads of labor unions. It is management's responsibility to use every saving made available to them for reinvestment and modernization purposes. The New England states and mill localities must carefully



reconsider such things as local and state tax structures, property assessments and all other factors which enter into making textile operations economically feasible.

Barring such an appreciation of the facts of life, labor, management and mill localities will find themselves standing on barren ground. How fertile the textile industry of New England can still prove remains to be seen.

THE notion that New England is economically on the rocks is an overdramatization based solely on the picture of its textile distress. New England has attracted new industries in sufficient numbers to attain an over-all employment level which is now higher than the region's wartime peak. Personal income and savings are also at record levels. Corraling 15 percent of the nation's new electronics industry has had much to do with this. Similar strides in metal working and aircraft indus-

tries have been made. This is a tribute to the adaptability of the skilled workers of New England.

But no region can afford to point out the peaks of her economy without showing concern for the low spots. The textile industry must be salvaged if New England's transition from old to new industries is not to leave permanent scars.

As John H. Crider, New England columnist and radio commentator, warns: "In such a situation, only the most alert and capable can survive." Therefore, those manufacturers who feel they can maintain their efficiency in New England will remain where they are; some will fold; others will choose to make permanent adjustments elsewhere. Whatever the alternatives, the cumulative effects of an industry which is profitable and efficient, wherever it may be, will provide increased benefits to the individual localities concerned and to the country's economy as a whole. ■



An American in Cartel Land

European and American capitalism differ—
as a man ordering a beer finds out.

By MICHAEL L. HOFFMAN

GENEVA.

WHAT Karl Marx in the Eighteen Fifties called "capitalism," as a term of opprobrium, has developed since his time very differently on the two sides of the Atlantic. This fact is not generally recognized. Nearly everybody knows that the many relations among human beings that make up social and economic life are quite different in, for example, Texas from what they are in Bavaria or Italy. Yet when people get to talking in big abstract terms there is a tendency, strenuously encouraged by Communist propaganda to accept the

idea that "capitalism" in Europe and "capitalism" in the United States of today are nearly identical.

An effort is being made both in Europe and America to explain to people why this just isn't so. Paul Hoffman and other American business leaders have lectured European business groups on the difference and on the need for adopting some of the "uncomfortable" forms of competition that have kept the free economy of the United States a dynamic one.

As most Americans see it, the root cause of much of the differ-



ence in European capitalism, and of much of Europe's economic trouble, is in what has come to be known as the cartel system and, even more, the cartel mentality. The cartel system as practiced in Europe permits and in many cases encourages business organizations to make and enforce agreements that prevent competitive pricing and provide for each unit of the group a protected regional or local market within which competition need not be a concern of the enterprise.

The broad effects of this are that price competition in Europe is rare and surreptitious and that business feels relatively little compulsion to keep up with the times or adapt itself to changing circumstances. And as for the consumer—well, he just doesn't count.

We Americans who live in Eu-

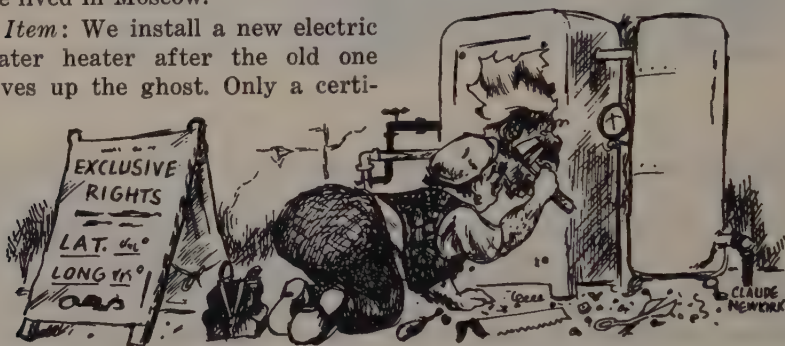
Reprinted with permission of "The New York Times Magazine" and the author.

rope get a rather special, consumer-angle, view of these problems. Unlike many Americans at home, we do not think of the cartel system in abstract terms of industrial power, or in terms of rich men in striped pants who sit in their offices and evilly manipulate mines, factories and syndicates into great combines for huge profits. We have in mind rather the butcher, the plumber, the milkman and the electrician around the corner—nice, amiable and often generous people, but people who subscribe to a system which, to an American, seems inhibiting and unnecessarily expensive.

My wife and I happen to live in Switzerland, where private business, as a social institution, is more deeply entrenched than anywhere else in the world, not excepting the United States. We are fortunate in having, for Europe, well-stocked stores with a wide selection of products. Our American

friends stationed in other parts of Europe tend to envy us for living in a stable, well-ordered country—until they learn what things cost. Yet in some respects—because of the cartel system used by the small Swiss entrepreneurs—as consumers we have about as much effective freedom of choice as if we lived in Moscow.

Item: We install a new electric water heater after the old one gives up the ghost. Only a certi-



fied electrician can hook it up. We are in a hurry. We have had so much trouble getting the man in our suburb to come that we try to hire a firm in the city. Nothing doing. The local man has a "right" to the job. We wait two months.

Item: A neighbor moves a couple of miles across country. He wants to keep his milk service as before. Not a chance. The company he liked to deal with cannot deliver in the new territory, as that "belongs" to another supplier.

Item: Switzerland produces several excellent beers. But no store will furnish us at home with more

than two choices, neither of which we particularly like. A couple of miles up the road our neighbors cannot buy the brands we get but can buy another type, which we would prefer. There's no governmental restriction on importing or selling beer, just a private arrangement to keep the market "orderly." Result: We seldom buy beer.

Item: Our refrigerator goes haywire. I go to the firm that sells the brand (German—pre-war model) and get an estimate on the repairs which to me, and to a retailer with whom I often deal in electrical appliances, seems excessive. Determined, for once, not to take it lying down, I canvass other dealers and repair shops in the city. Not one will even look at the job. I either pay the price I'm given by the one firm or sell the thing for junk.

Any American living here could add to this list.

We have a British neighbor who became so furious at the system that he made a vow never to pay

the "settled price"—the price fixed by some trade association or combine. Sometimes he offers his tradesmen cost plus 30 per cent, which in most cases is considerably above the "settled price." Other times he insists on a firm advance estimate of what this or that will cost and allows no additions.

He is a man whose natural lawyer's bent for a good row is somewhat frustrated in his daily work as head of an important international agency where conciliation is the required theme. He now spends a great deal of his spare time quarreling with his plumber or his landlord, investigating the local law on excise taxes, or just poring over the bills looking for a doubtful item. He is very happy here. But most of us just pay up.

Whatever the foreigners think, the Swiss are wholly satisfied with their tight little system. This is partly because nearly everybody (except the foreigners) gets into the act at one stage or another.

The ounce of security to the seller is worth the pound of possible gain to the same person as a consumer under a really competitive system.

Neither the Swiss nor other Europeans have ever known what it is like to live in a system where combinations of private persons to regulate prices and markets were *ipso facto* illegal or even unpopular. Most Swiss would regard such a system as wasteful and chaotic. Their system irritates us; ours would irritate them. It is their country; it is doing all right; and it is not for foreigners to say how it should be run.

What Paul Hoffman and other United States leaders mean when they criticize the lack of competition in Europe is that most of this continent cannot afford, as wealthy, neutral Switzerland perhaps still can for a time, the comfortable high-price, low-volume way of life. When anyone who knows the American system sees Europe from the inside it is hardly possible not to agree. ■



New Words for Old Meanings

MANY foreign words and phrases lose their connotation, the full meaning they intend to convey, when translated into English. Mentioning that fact the other day, an American businessman admitted nothing could be done about it but went on to ask, "Why are so many American words used that don't say what they mean?"

He was talking about the language of business.

"Isn't it about time," he asked, "to come up with some fresh names and phrases that come closer to the intended meaning and express the story of business enterprise more clearly than do some of the stilted old expressions?"

"Let's try a few. Take a word like 'inventory.' One meaning of 'invent' is 'to fabricate in the mind.' Shades of Coster-Musica! Why not instead a word of substance? Why not 'stockpile'? Funk & Wagnalls accord this primary meaning to inventory: a detailed account or schedule, as of the property of a deceased person. Not a very live word, is it?"

"We hear a lot about stockhold-

ers. 'Shareowner' is a more logical word than stockholder, and one letter shorter in the bargain. The word is typed and printed so often that this change could mean a yearly saving running into millions of something or other—stenographers' frayed nerves, maybe.

"How about the word 'dividend'? It means a quantity divided. Investors, in buying securities, don't ask what a stock 'divides.' They ask what it pays. Why not call dividends, 'payments'?"

"Preferred' stock is a misnomer. Owners don't necessarily 'prefer' it; in fact, many like common stock a lot better. Why not rename it 'precedent' stock?"

"Funded debt is a clumsy phrase. What it stands for is long-term debt as opposed to short-term. Why not call it 'long' debt?"

"Consider 'sinking fund.' Sinking fund connotes a leaky rowboat half full of water, but applied to bonds it is intended to mean a certain amount of money set aside regularly and used to reduce debt either by paying off some of the bonds at a fixed price or buying them in the open market. Why not use the phrase 'reserve' which actually means 'set aside'—the purpose of a sinking fund.

"There are a lot of other possibilities.

"You could take a lot of the hot air out of 'inflation' by calling the disease by its real name—bubble money and balloon prices."

—JOHN BRODERICK in *The Exchange*

Art Comes to Main Street



By **PETER FINGESTEN**

THERE is a popular notion held by many people that America is a cultural desert and that the American public does not have the maturity to appreciate *fine art*.

This outdated notion is a result of the failure to understand how deeply fine art has penetrated American daily life. It ignores the fact that the average American family is constantly surrounded by every-day objects which, from the point of view of artistic quality, might also be exhibited in an art gallery.

As early as 1934, the Museum of Modern Art in New York City recognized the inherent design quality of many of our practical implements and staged an impressive exhibit entitled "Machine Art." It became apparent through this and subsequent exhibitions that there

is much beauty and refinement in a well-designed toaster, iron, spoon or saucepan. It also becomes increasingly clear that mass production methods can bring these "artful objects" into the homes of millions of families with average incomes.

As a matter of fact, if I may be permitted to express a personal opinion, the chief reason why American art forms are not fully understood is that Americans go about appreciating art without any attempt to keep it exclusive. There is little room in America for anything in which a great many people cannot participate. Europeans generally are content to keep a respectable distance between themselves and their art. Good art or artistic objects remain in showcases, in museums, or in homes of the rich and well-to-do. Americans want their art to hang from the walls of their own rooms or to rest on top of their mantle-pieces, or they want to sit on artistic chairs, or eat from well-designed dinnerware.

PEOPLE who criticize American art forms fail to keep in mind the real nature of American culture. If there are three things that set the course of American living, they are a veneration of mass production techniques, a belief in the desirability of mass consumption, and a political recognition of every individual's right to "the pursuit of happiness." From these beliefs

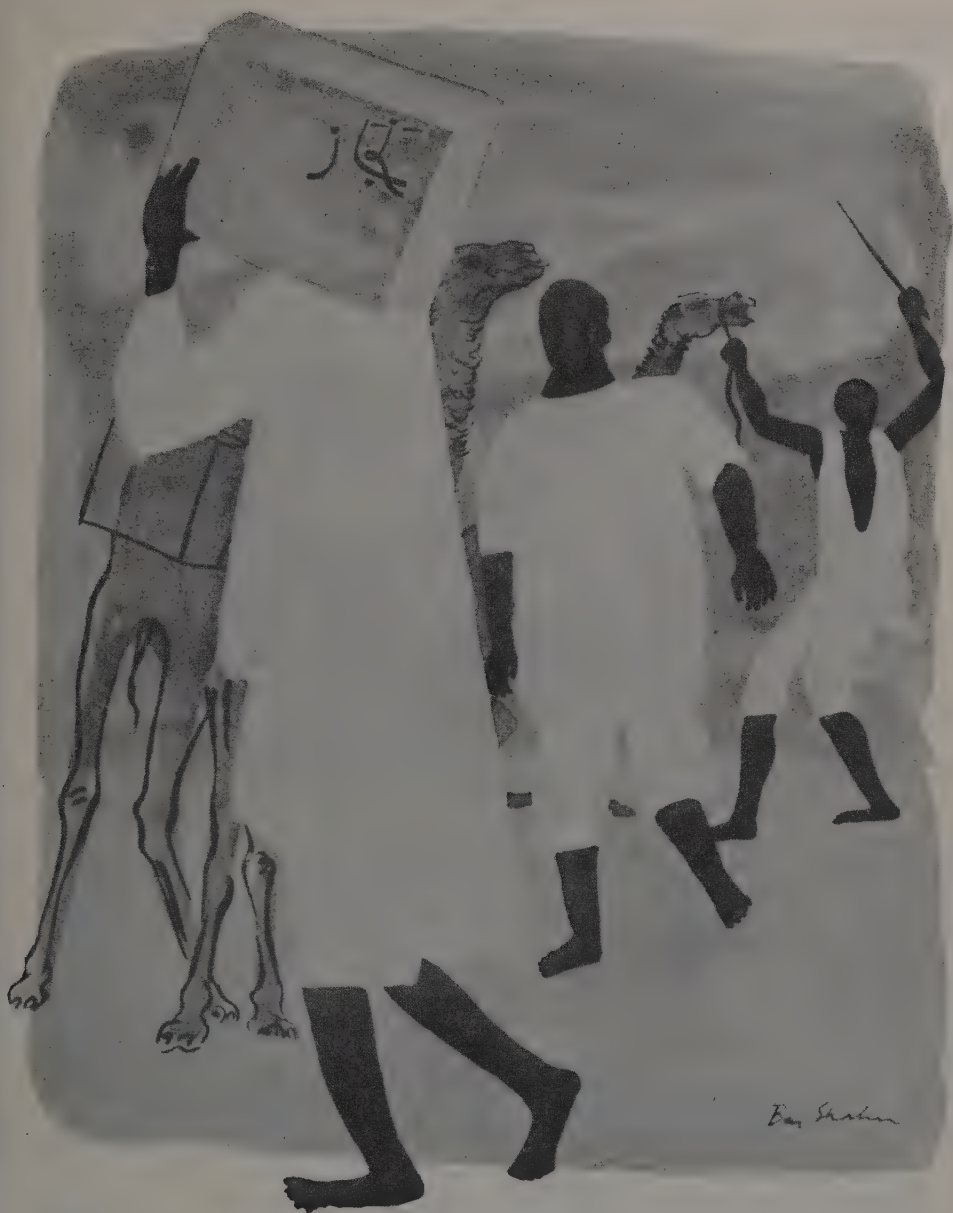
has grown a set of New World values which put a uniquely different emphasis on the role of art in the culture.

In the United States today, the market place on Main Street has become a cultural forum where the customer expresses himself on the artistic merits of his purchases. Witness how the manufacturers of all sorts of items give serious thought to the designing and packaging of their products, and how they hire first-class artists to help them in this direction. Sales figures confirm the fact that a well-designed item will outsell a competing one which may be lower in price but not as attractively put together.

When an industrial designer like Elliot Noyes receives a prize for his tasteful styling of the new IBM typewriter, or a young Charles Eames makes national news with his attractive, yet functional, chairs, we can be sure that art and industry have entered indeed a new and promising relationship in America. The Eames chair, whether exhibited in a museum or demonstrated at a home-furnishings show, is not only a legitimate artistic expression but also a reality in the homes of tens of thousands of people.

A glance at what has happened to American advertising techniques during the last twenty

Peter Fingesten is a noted sculptor who has exhibited his work in Milan, Paris, Philadelphia and New York. He has also taught in American colleges.



ADVERTISING ART: Reproduction of a Ben Shahn original
done especially for Container Corporation of America.



UTRILLO REPRODUCTIONS are on the best-seller list.

Courtesy Raymond and Raymond, Inc.

years will prove that good art has the power to attract public attention. Business organizations like De Beers, Container Corporation of America, Standard Oil, and many others have commissioned leading artists to paint original works for their advertisements. Advertising agencies have called upon internationally recognized artists like Saul Steinberg, E. McKnight Kauffer, Herbert Bayer, and Ben Shahn to execute masterful examples of modern advertising design. Leaf through any issue of *Fortune* magazine and you will see what I mean.

BUT the critic of American art and culture will perhaps accept all that has been said here as a further indication of America's ability to reduce all art to a practical purpose. He will ask, "Is there no art in America which is appreciated *just for art's sake*?"

The answer is that art *is* appreciated just for art's sake in America, but it has a distinct way of manifesting itself. Americans today do not necessarily have to go to art galleries and museums to see works of art, because thousands of reproductions are being sold at department stores, drug-store counters, super-markets, and by mail-order houses—and many of these are framed and ready to be hung! Mass production methods also have been adopted for process color printing, collotype, and po-

choir, which make possible faithful reproduction of the paintings of old and new masters at relatively low prices.

EVEN the publishers of the more expensive reproductions admit that Americans are now on a painting buying spree which gains in momentum every year. Miss Rose Gilbert, young and vivacious vice-president of the art publishing firm of Rudolph Lesch, ascribes the increase in sales of reproductions to the widespread tendency to include paintings in the decorative schemes of the American home. In this respect, she points out, some of the popular home decorating magazines have pioneered in developing awareness for color-coordinated interiors and art. Miss Gilbert reveals that her business volume has doubled within the last ten years, and she looks confidently to doing even better in the future.

Leon A. Arkus, president of Raymond and Raymond, probably the largest reproduction gallery of its kind, agrees that new trends in furniture design and frequent changes in decor have vastly stimulated the reproduction market. Mr. Arkus indicated that his business has quadrupled within the last decade. Interestingly enough, he knows of many cases where entire apartments have been decorated around an important reproduction.

Some of the best-selling repro-

ductions are the works of Picasso, Bracque, and Utrillo, with Utrillo's pleasant street scenes somewhat in the lead. But many lesser known artists of the French, English, and American schools are also enjoying a wide popularity.

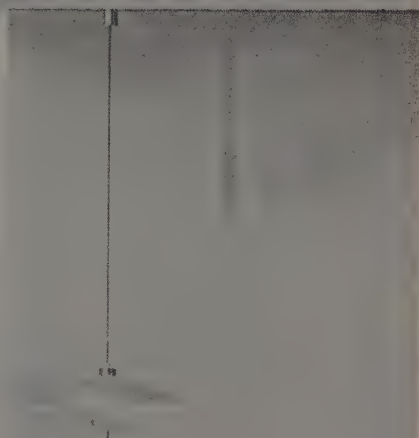
This boom in the art market is not confined to reproductions, for Americans are investing over \$10 million a year in the purchase of originals. Modestly priced and signed lithographs are very popular. One organization, Associated American Artists with more than one hundred American painters under its wing, uses a lavishly illustrated mail-order catalogue to sell the works of its member artists. Despite this highly commercial approach to marketing art, art still remains art, nevertheless. The association's catalogues also include diagrams which explain how and where to hang the paintings once they have been purchased.

Even the venerable Metropolitan Museum of Art, symbol of classicism and conservatism, has joined the trend to reproduce art in mass quantities. The museum now sells full-color reproductions

of its paintings in sets of twenty-four miniatures. Each set, which comes with a thirty-two page album, costs just \$1.25 and is distributed in very large numbers through the Book-of-the-Month Club. This is one of the most successful educational ventures of the Metropolitan Museum of Art, bringing the best of art into innumerable homes at a most reasonable price.

THIS, then, is the manner in which Americans look to art. To those who think Americans do not appreciate "art," I say every man to his own tastes. The pharaohs of ancient Egypt, the medieval barons, and the Renaissance patrons who would order a hand-carved chair from a craftsman or an oil painting from an artist—each obviously wanted the object of art for himself, to be enjoyed by himself. But art is no longer an aristocratic privilege. American enthusiasm for mass production and mass distribution has converted this traditionally exclusive privilege into a common experience in the lives of millions. I see nothing wrong with that. ■





THE EAMES CHAIR—
and modern designs
in furniture as ex-
hibited at Museum
of Modern Art (N.Y.)

—Photos courtesy: Har-
man Miller Furniture
Co. and Museum of
Modern Art



The Hand That Fed the 'Hired Hand'

THE high cost of services formerly done by the hired girl, the painter, carpenter, gardener or handy man, has priced most of these people right out of the market.

Besides the high cost of these services, the few people who are available are hard to find. So "Mr. Average Householder" has decided to buy the necessary tools, machines and materials and do the job himself. This trend has long been noticed in the kitchen where one appliance after another has been purchased in self-defense.

Now it has become a big factor in the sale of power-driven lawnmowers, power saws, drills and floor polishers, paint sprayers and rollers, plywood panels, small hand tools, wallpaper and flooring products to be applied by amateurs, sewing machines, washing and drying machines, ironing machines, and even home permanent kits and hair driers.

This vast new market has been created to fill a vacuum left by the "hired hands" who moved into better jobs in factories (some of them making these very items) or the artisans who concentrate their efforts on long-term, highly paid construction work.

—From "Washington Report" by R. B. Ross
Supervision, July, 1952



"See if ya can get in a little overtime this week, huh, dad? I've got a big date Saturday night."

a personal note (Continued from page 4)

He had put the case most discouragingly. But, then, if he meant that we were going to write about economics for the information of the general public, he was correct. Our friend sat back and reflected for a moment.

"Let me ask you this," he then said, "when you say *economics*, do you mean you are going to tell people how to buy a house, what is the best bargain in cars, where to go for a vacation, and such things that vitally affect the pocketbook?"

We told him that we were interested in things that affected the pocketbook, all right, but not exactly in the way he put it.

"We shall deal with economic principles," we said. "We shall try to establish the economic processes by which we live. We shall attempt to explain how economics work."

Our friend was becoming impatient with us. "You mean to tell me that you are going to deal with theories and not practical things — and expect to get ordinary people to read about them?"

"Well, why not?" we asked defensively. "If it is important to think about how much to pay for a car, it is important to understand the economics that make automobiles available at prices people can afford. If inflation is cutting into purchasing power, then people want to know how inflation comes about and how it can be counteracted. After all, the science of economics embraces the whole business of making a living."

Our friend shook his head. "Your magazine will never sell," he said, "and I can't help you with a title."

So that was that.

A WEEK later we left our unsolved problems behind us and fled to Cape Cod for a four-day rest. The weather was overcast every day we were there, and the thermometer grudgingly climbed to 60°—and no higher. Thus, thoroughly discontented, we took the road to Boston to visit Ray Adam, an old friend from school days in Indiana and currently a successful lawyer. He had a way with words so we asked his aid.

He wanted to know what the magazine proposed to do. We gave him the often repeated line and added a few to boot. He listened attentively;

then with all the mannerisms of a lawyer, he said: "One final question. Since economics is open to many interpretations and subject to many political convictions, how do you propose to present economics without being accused of bias in your treatment?"

Of course, we had thought about that problem before; but not wishing to incriminate ourselves before a lawyer, we framed an answer carefully.

"It seems to us," we finally said, "that there must be natural truths about the science of economics just as there are natural truths about the science of astronomy or physics. It is our feeling that just as the law of gravity is inviolable, so is the law of supply and demand. Just as surely as the sun must rise tomorrow, so must inflation follow in the wake of cheap money. Just as faulty fuel will result in a sputtering motor, so will inefficient production result in scarcities and high prices for items that people would like to have. It seems to us that people who are concerned about their welfare and the welfare of their children will find a popularly written magazine about the science of economics of enormous value to their function as citizens. We all live by our bias, but let the bias come after the facts are known — not before."

The lawyer seemed impressed. He considered this for a moment. "And you think," he surmised, "that the ordinary person will worry about these things. Well, I hope so."

We hoped so, too.

Again he reflected. Then he said, "I wish you lots of luck. You've got a job on your hands. It really is a *challenge*."

He would have said more, but we interrupted him. That was it! That was the word — CHALLENGE. No matter how we looked at the magazine — from the point of view of a publisher or from the point of view of a reader — it presented a challenge all around.

* * *

Two weeks later, we got a letter from a friend in Oregon. We had written to him about our CHALLENGE MAGAZINE, and he responded with the usual good luck and so forth. He ended his letter by telling us that he knew of a magazine called *The Challenge* that had been in operation for a long time. Then we got another letter from a friend in New York who thought we had picked "an interesting title;" and he also wished us good luck.—HB

More Economics In Action

The average American is enjoying a longer and healthier life-span than his father and grandfather did. Almost half the people who live to be fifty can expect to celebrate their seventy-fifth birthday...Rising pension and Social Security payments benefiting our older population may also prove a boon to the whole nation. This group's continued demand for consumer goods, made possible by its steady income, is expected to act as a cushion against depression. The only thing to worry about now is where the money to pay for higher benefits will come from. Some problem!...Older workers can expect more opportunities and respect when they go out job-hunting. With the demand for workers of all ages continuing brisk, resistance to older persons is breaking down. Besides, employers are rapidly becoming aware that older workers are more efficient and reliable, in many cases, than their younger co-workers....

Printed food price ceilings are now back on display in grocery stores and markets all over the country. Housewives can now check at a glance if their steaks — or stews — cost more than they should...The scrapping of credit controls on home-buying won't put an end to down payment requirements. Builders will continue to demand what their banks consider a satisfactory amount, and, for houses costing under \$12,000, that won't be much less than government regulations have required....

Many of 1953's autos will be air-conditioned. The cars rolling off today's assembly lines feature

More Economics In Action

radical changes in body design, engine efficiency and power steering. Five million cars are the goal for '53 — an increase of nearly a million over this year's output. The government must see to it, though, that the steel requirements for automobile production will not hamper the nation's vital industries...The cuts that Congress made in the Armed Services budget have had unexpected effects on the morale of some GI's. Thousands of promotions have been frozen — so that soldiers, doing corporals' and sergeants' work, are still drawing private's pay....

The public schools throughout the country remain acutely overcrowded. The steady increase in our under-five population is a boon to toy-makers and a headache for school administrators...College tuition is at an all-time high this fall (See page 15)....

Department of Better Mousetraps: portable showers for travelers to use in standard bathtubs — "rabbit ears" that attach to a car radio antenna and improve reception — bed sheets with built-in corners to cut bed-making time — a powder to keep rugs and mats from slipping — a new recording tape for giving home movies a sound-track — and a five-room house that is bigger and more permanent than a trailer, but just as mobile....

Speaking of trailers, nearly two million people are now using trailer coaches as dwellings. Reason: high rents, high prices and continued shortages.